

Message Text

CONFIDENTIAL

PAGE 01 AMMAN 00473 290624Z

12

ACTION PM-04

INFO OCT-01 NEA-10 ISO-00 L-03 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 AID-05 IGA-02 EB-07 OMB-01 MC-02 /064 W

----- 080291

R 280715Z JAN 76

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 6785

SECDEF WASHDC//

INFO USCINCEUR:

DIA WASHDC//

C O N F I D E N T I A L AMMAN 0473

SECSTATE FOR NEA ARN PM SAS

SECDEF FOR ISA NESA DSAA

USCINCEUR FOR ECJ4/7 SAME//

E.O. 11652 GDS

TAGS: MASS JO

SUBJECT: FY 1977 MILITARY SECURITY ASSISTANCE

REF: STATE 017013

IN RESPONSE TO REFTEL.

A. WILL HOST COUNTRY ACCEPT AND CONSUMMAT ECREDIT AGREEMENT
AT LEVELS INDICATED IF CONGRESS APPROVES EXECUTIVE BRANCH
REQUEST.

YES. PLANNING LEVELS ARE PROBABLY LOWER THAN
JORDAN ANTICIPATING THEREFORE PROPOSED LEVELS WOULD BE
UTILIZED COMPLETELY. JORDANIANS UNDERSTAND THAT
CONSUMMATION OF FMS CREDIT AGREEMENT IS CONTINGENT ON
SAUDI OR OTHER THIRD COUNTRY FINANCIAL BACKING WHICH THEY
WOULD SEEK AS SOON AS APPROPRIATE

B. MAJOR ITEMS TO BE PROCURED IN PRIORITY ORDER,
AS DETERMINED BY COUNTRY TEAM BASED ON PREVIOUS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 AMMAN 00473 290624Z

DISCUSSION WITH JAF: 12 COBRAS W/TOW 1100 TOW MSLS, 144 DRAGON

TRKRS 1440 DRAGON MSLS 1253 STINGER 10M88A1 TK ROCOV VEH
10 M588A1 TK RECOV VEH

C. DOES PROVISION OF CREDIT SUPPORT OF MILITARY
REQUIREMENT DERIVES FROM A US APPROVED FOURCE GAOL

MILITARY REQ IS CONSISTENT WITH REPORT
OF US DOD FACT FINDING MISSION TO JORDAN IN APR MAY 73.
D. IS THERE ANY OTHER MILITARY JUSTIFICATION FOR CREDIT
TO MAINTAIN A SMALL MOBILE FORCE CAPABLE OF
DEFENDING AGAINST POTENTIAL THREAT CONTINUAL UPGRADING
OF DEFENSE EQUIP IS REQUIRED. CURRENT GOJ BUDGET
CONSIDERATIONS WOULD BE STRONGLY RESTRICTED SHOULD
PROPOSED LEVEL OF FMSCR BE FIANCED BY CURRENT DUBGET.
E. HOW DOES CRDIT POGRAM RELATE TO GRANT
MATERIEL AND/OR GRANT TRAINING PROGRAM?
OUR POLICY IS TO SHIFT INCREASINGLY FROM
MAP GRANT TO FMS CREDIT ASSISTANCE (WITH THIRD
PARTY BACKING) THE FACT OF THIERD PARTY BACKING
MEANS THAT JORDAN WITH ITS FRAGILE ECONOMY AND
CHRONIS BUDGET DEFICIT ACTUALLY ENJOYS GRANT AID
WITH JORDAN OIL RICH NEIGHBORS RATHER THAN THE
USG BEARING THE MAJOR FINAINCIAL BURDEN. WE RECOMMEND
HOWEVER TO RETAIN A SIGNIFICANT ALTHOUGH DIMINISHING
LEVEL OF DIRECT GRANT ASSISTANCE IN OUTYEARS IN ORDER
TO STRENGTHEN OUR BILATERAL POLITICAL INFLUENCE AND
AVOID TOTAL JORDANIAN RELIANCE ON ARAB AID SOURCES.
F. WHAT ARE RELEVANT POLICY CONSIDEATIONS FOR
PROVISION OF CREDIT AND HOW DIES IT SUPPORT US
OBJECTIVES IN COUNTRY AND REGION
THE SAME POLICY CONSIDERTIONS UNDERLYING
OUR PROVISION OF CREDIT ASSISTANCE AS WELL ASOUR
GRANT ASSISTANCE PROGRAM RELATE TO OUR SUPPORT FOR
THE JORDANIAN GOVERNMENT AS A FORCE FOR PEACE AND
MODERATION IN THE AREA -- POLICIES THAT SEVE US
INTERESTS AND OBJECTIVES IN THE MIDEAST. JORDAN'S
ABILITY TO KEEP TRANQUIL BORDERS AND TO MAINTAIN A
REASONABLY INDEPENDENT AND PEACEFUL STANCE IS DIRECTLY
RELATED TO ITS ABILITY TO REMAIN STRONG IN COMPARISON
TO TWO OF ITS IMPORTANT NEIGHBORS--SYRIA AND IRAQ.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 AMMAN 00473 290624Z

OUR CREDIT PROGRAM HAS BEEN ESTABLISHED AS
A MEANS OF PROVIDING ADDTIONAL RESOURCES TO RESPOND
TO JORDAN'S HEAVY MILITARY REQUIREMENTS IN THE FACE
OF FAR HIGHER LEVELS OF ARMAMENTS BY ITS NEIGHBORS.
THE CREDIT PROGRAM ALSO REFLECS OUR RECOGNITION OF
US CONGRESSIONAL ATTITUDES FAVORING A DE EMPHASIS
ON THE USE OF GRANT US MILITARY ASSISTANCE
THE REQUIREMENTS OF THIRD PARTY BACKING OF FMS CREDIT

FOR JORDAN ALSO REFLECTS OUR INTEREST IN SPREADING A SHARE OF THE FINANCIAL BURDEN TO JORDAN'S OIL RICH NEIGHBORS WHO ARE PRESENTLY BEST ABLE TO PROVIDE SUCH FINANCING.

SPECIFICALLY CONTINUED LEVELS OF FMS CREDIT AT \$75 MILLION TO \$100 MILLION (DEPENDING UPON LEVEL OF GRANT ASSISTANCE) REPRESENT A USG ATTEMPT TO RESPOND PARTICULARLY TO A GOJ REQUEST FOR AN INCREASE IN MILITARY ASSISTANCE IN SEPTEMBER 1975, BASED ON A \$1.1 BILLION LIST OF NEW MILITARY REQUIREMENTS BY THE JORDANIANS ARMED FORCES IN THE FACE OF THE BUILD UP ARMAMENTS IN NEIGHBORING COUNTRIES.

G. WILL CREDIT SALE AFFECT REGIONAL ARMS BALANCE OR CONTRIBUTE TO AN ARMS RACE?
JORDAN'S LEVEL OF ARMAMENTS IS SO FAR BEHIND THAT OF ITS NEIGHBORS AND PRINCIPAL THREATS THAT THE LEVEL OF CREDIT RECOMMENDED WOULD NOT CONTRIBUTE SIGNIFICANTLY TO AN ARMS RACE.

H. IS THERE DEMONSTRABLE NEED FOR MILITARY CREDIT ASSISTANCE? (NOTE: ALL FMS CREDITS WHETHER DIRECT OR GUARANTEED WILL BE AT NO LESS THAN COST OF MONEY TO THE USG)

CREDIT IS PROVIDED AS A MEANS OF PROVIDING ADDITIONAL ASSISTANCE TO JORDAN FOR PURCHASE OF US EQUIPMENT WITH JORDAN'S OIL RICH NEIGHBORS BEARING THE MAJOR FINANCIAL BURDEN BY BACKING THE LOAN. CREDIT IS PROVIDED BECAUSE IT IS BELIEVED THAT JORDAN OIL RICH NEIGHBORS THROUGH THE KHARTOUM AND RABAT SUBSIDIES AND THE FINANCING OF JORDAN'S AIR DEFENSE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 AMMAN 00473 290624Z

SYSTEM AND OTHER AD HOC PROJECTS ARE ALREADY EXTENDING MINIMUM GRANT ASSISTANCE AND WOULD BE UNLIKELY TO PROVIDE AN ADDITIONAL \$75 MILLION, ALTHOUGH THEY WOULD BE MORE AMENABLE TO REPAYING \$75 MILLION OVER AN 8-10 YEAR PERIOD, A CONSIDERABLY SMALLER SUM AT NO LESS THAN COST OF MONEY TO THE USG, THERE IS NO ELEMENT OF CONCESSIONALITY TO THE WEALTHY BACKERS OF FMS CREDIT FOR JORDAN. FURTHERMORE THE FMS CREDIT WOULD ONLY REQUIRE A 10 PERCENT GUARANTEE AND HENCE WOULD ONLY INVOLVE \$7.5 MILLION TO 10 MILLION IN NEW OBLIGATIONS FOR THE US GOVERNMENT

I. WILL PROPOSED CREDIT CREATE PAYMENT OBLIGATIONS WHICH WILL PLACE UNDERSIRABLE BURDEN ON COUNTRY'S FOREIGN EXCHANGE RESOURCES, PRODUCE EXCESSIVE

CLAIMS ON FUTURE DUGETS,OR OTHERWISE INTERFERE WITH
ITS DEVELOPMENT

THE ECONOMIC EFFECT ON JORDAN OF THE REPAYMENT
OBLIGATION WILL BE NIL, INASMUCH AS THE CREDIT WILL BE
PAID BY WEALTHY THIRD COUNTRIES AS MENTIONED ABOVE.
PICKERING

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY ASSISTANCE, CREDIT PROGRAMS, US CONGRESSIONAL PRESENTATIONS, MISSILES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976AMMAN00473
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760033-1119
From: AMMAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760116/aaaaamxz.tel
Line Count: 176
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 17013
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 03 NOV 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 NOV 2003 by GarlanWA>; APPROVED <04 NOV 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 1977 MILITARY SECURITY ASSISTANCE
TAGS: MASS, JO
To: STATE DOD
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006